

ADVISORY OPINION 2002-006

Any advisory opinion rendered by the registry under subsection (1) or (2) of this section may be relied upon only by the person or committee involved in the specific transaction or activity with respect to which the advisory opinion is rendered. KRS 121.135(4).

September 20, 2002

Robert L. Knust, CPA
Vistagreen Building
9750 Ormsby Station Road, Suite 300
Louisville, KY 40223

Dear Mr. Knust:

This is in response to your August 14, 2002 request for an advisory opinion regarding a campaign receipt. You state that you are the treasurer for Robin Engel, a candidate for the Greater Louisville Metro Council. You explain that Mr. Engel was invited, along with other candidates for Metro Council, to a seminar sponsored by the Teamsters Local Union No. 783. At the seminar, Mr. Engel received a check in the amount of \$200 from the union's general fund. The check was intended to reimburse each candidate for his expenses to attend the seminar.

You ask whether Mr. Engel may accept the reimbursement check, even though he incurred no out of pocket expenses, and if so, should Mr. Engel deposit the check in his personal account or treat the receipt as a contribution to his campaign. You also ask whether the receipt should be reported as a contribution from the Teamsters permanent committee ("PAC").

KRS 121.015(a) defines contribution as any “[p]ayment, distribution, loan, deposit, or gift of money or other thing of value, to a candidate....” Within the context of Kentucky’s campaign finance law, KRS Chapter 121, the total receipt, as opposed to the net value of the receipt, constitutes the contribution. Therefore, it does not matter whether Mr. Engel incurred expenses for attending the seminar sponsored by the Teamsters Local Union No. 783. The entire \$200 payment from the labor organization constitutes a contribution under KRS 121.015(a).

KRS 121.220(2) requires a campaign treasurer to deposit all funds received into the designated campaign depository. However, note that in practice the treasurer may reject a receipt that would constitute an unlawful contribution under KRS Chapter 121, if accepted, by returning the instrument prior to deposit to the payor.

Therefore, provided the Teamsters Local Union No. 783 is not incorporated¹ and provided the total contributions from the Teamsters Local Union No. 783 and any of its affiliates (including its PAC) does not exceed \$1,000², you may accept the contribution on behalf of Mr. Engel’s campaign. As described above, the entire \$200 constitutes a contribution and must be deposited in Mr. Engel’s campaign account.

You also ask how the contribution should be reported. The Teamsters Local Union 783 does have a registered PAC, Teamsters D.R.I.V.E. # 783. However, you state that the union issued Mr. Engel’s check from its general fund. Although a labor organization that has organized a Kentucky PAC should use the PAC account to make political contributions, there is nothing in KRS Chapter 121 to prohibit a candidate from accepting a contribution, within the legal limit, from an unincorporated labor union’s general fund.

Therefore the contribution to Mr. Engel should be reported as received -- a contribution from the Teamsters Local Union No. 783’s general fund, which for the purpose of this transaction would be a receipt from a contributing organization³, not a receipt from a PAC.

¹ See KRS 121.025.

² See KRS 121.150(6) and 121.150(7)

³ Note that this opinion addresses solely the manner of Mr. Engel’s reporting. The Registry does not mean to suggest by this opinion that the Teamsters Local Union No. 783 is considered a contributing organization for any other purpose.

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This opinion reflects the Registry's consideration of the specific transactions posed by your letter. If you have any additional questions, please do not hesitate to contact the Registry staff.

Sincerely,

Rosemary F. Center
General Counsel

RFC/jh

Cc: Registry Board Members
Sarah M. Jackson, Executive Director